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OMA DRM Patent Holders Revise Terms of MPEG LA License

Final License Agreement to Issue Soon

(Denver, Colorado, USA, 12 April 2005) – MPEG LA announced today that the initial group of OMA DRM 1.0 essential patent holders have revised the terms of a joint patent portfolio license to be offered by MPEG LA for use of the Open Mobile Alliance (OMA) DRM 1.0 specification. The group consists of ContentGuard Holdings, Inc., Intertrust Technologies Corp., Matsushita Electric Industrial Co., Ltd., Koninklijke Philips Electronics N.V., and Sony Corporation. The revisions are responsive to feedback from the market following MPEG LA's announcement of proposed license terms on January 6, 2005 (http://www.mpegla.com/news/n_05-01-06_drm.pdf). MPEG LA and the OMA DRM 1.0 Patent Portfolio License are not affiliated with the OMA; nor was the OMA DRM 1.0 Patent Portfolio License initiated by the OMA. Rather, the OMA DRM 1.0 Patent Portfolio License has been established by MPEG LA for the convenience of OMA DRM 1.0 adopters as an alternative to negotiating separate licenses with individual patent owners.

“This achievement is made possible with the wireless industry’s cooperation and strong show of interest in OMA DRM technology,” said MPEG LA Chief Executive Officer Baryn S. Futa. “Their input has enabled us to appreciate relevant market conditions and adjust the license to meet them. The terms announced today strike a balance between users’ interest in reasonable access to this opportunity-enabling technology and patent holders’ interest in a reasonable return on their research and development investments. That balance allows DRM technology leaders to offer a single license for the convenience of the market as an alternative to negotiating separate licenses. The real beneficiaries are consumers who will have available to them the myriad new products and services that OMA DRM enables.”

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Under the revised license terms, royalties for the right to make and sell OMA DRM 1.0 devices will be US \$0.65 per device (payable by the party that offers the device in hardware or software to an end user). The patent holders also intend that a device combining both OMA DRM 1.0 and OMA DRM 2.0 functionality should bear no greater royalty than a device incorporating OMA DRM 1.0 alone.

Royalties for transactions in which an end user pays for delivery of a digital asset or rights object employing OMA DRM 1.0 will be a flat US \$0.25 per subscriber per year upon the subscriber's first purchase. In view of the current OMA DRM 1.0 standard, license coverage for use of devices will be limited to transactions that are enabled by that standard in which remuneration is received. The licensors recognize that this market is in the early stages of development. As new applications for OMA DRM emerge, their coverage will be considered in connection with future licenses.

The License will provide coverage for products from January 1, 2004, but royalties will be payable only on products from January 1, 2005 forward.

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DRM

Digital rights management technology (DRM) refers to technologies for managing and protecting the authorized use of digital information. It is key to the success of electronic media distribution systems now gaining popularity on computers, mobile and consumer electronics platforms. OMA DRM 1.0 is a standard developed by the Open Mobile Alliance (<http://www.openmobilealliance.org>) to foster interoperability of DRM-enabled mobile services. The OMA DRM 1.0 Patent Portfolio License is the first in a series of marketplace initiatives arising out of MPEG LA's DRM Reference Model (<http://www.mpegla.com/pid/drm/>) that will enable a wide variety of innovative new products and services based on DRM whose development and deployment might otherwise be inhibited.

MPEG LA, LLC

MPEG LA is the world leader in one-stop technology platform patent licenses, enabling users to acquire patent rights necessary for a particular technology standard or platform from multiple patent holders in a single transaction as an alternative to negotiating a license with each of them. Wherever an independently administered one-stop patent license would provide a convenient marketplace alternative to assist users with implementation of their technology choices, the licensing model pioneered and employed by MPEG LA may provide a solution. MPEG LA is not related to any standards agency and is not an affiliate of any patent holder. MPEG LA licenses portfolios of essential patents for the MPEG-2, IEEE 1394, DVBT, MPEG-4 Visual (Part 2), MPEG-4 Systems and AVC/H.264 (also known as MPEG-4 Part 10) standards. MPEG LA is also facilitating the development of alternative patent portfolio licenses relating to DRM Reference Model v 3.0, the proposed SMPTE VC-1 standard, the ATSC standard, and the DVB-H standard. In addition, MPEG LA actively seeks to adopt its alternative patent licensing model in other industries including biotech and pharmaceutical. For more information, please refer to www.mpegla.com.